Synopsis for the Degree of Ph. D (Research)

On

A Study of Financial Literacy Among Women in Begusarai District of Bihar

(Faculty of Social Sciences)

L.N. Mithila University, Darbhanga

Submitted

To

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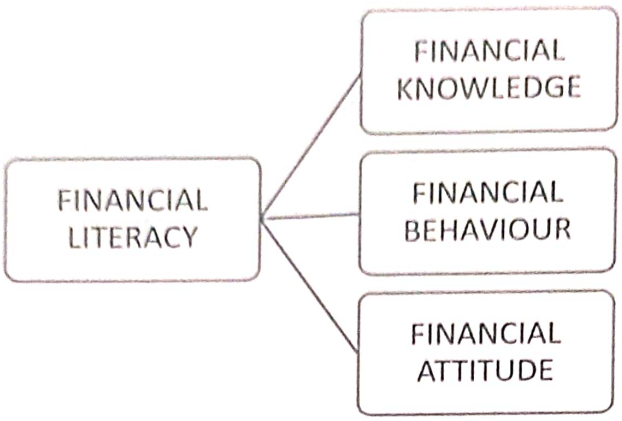
1- Introduction

Financial literacy can be understood as the ability to know how money works in a normal course of action. Specifically, it refers to the set of skills and knowledge that allows an Individual to make informed and effective decisions with all of their financial resources. Financial literacy is directly related to the wellbeing of an individual and society as a whole, since it helps an individual to manage their personal financial matters like savings, investments, tax planning, retirement planning, etc. and enables them to understand how more money can be generated and used in more effective and efficient manner.

Financial literacy refers to the diverse knowledge and skills on financial matters, such as managing money, setting budgets, and investing. However, due to socioeconomic issues, cultural standards, and gender-based expectations, women face mounting challenges in financial literacy, money management and retirement planning. According to a recent study shows women and girls are more likely to be financially literate in nations where there was more gender equality. This highlights the urgent need to provide women worldwide with opportunities to enhance their financial education and knowledge, which can have a significant impact on their financial planning, inclusion, and empowerment. It also documented that women exhibit a relatively lower level of debt literacy and financial management ability. Thus, knowledge on financial literacy and money management should aid women in overcoming challenges in retirement planning, in addition to enhancing their quality of life and feeling of financial security and independence. In that regard, the purpose of this study is to examine and shed further light on the academic discourse around women's financial literacy and well-being. This research intends to highlight the socioeconomic realities, cultural norms, and gender-related presumptions that make financial management, retirement planning, and economic literacy challenging for women. Subsequently, the study will identify knowledge gaps through thematic analysis, thereby providing a roadmap for future research that Could potentially enhance the financial welfare of women.

Measuring Financial Literacy essentially involves measuring a combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound and financial decisions and ultimately achieve individual financial well-being. Education is commonly believed to be positively associated with the financial knowledge of individuals.

Figure : Dimensions of financial literacy



The present research aims to identify the role of financial literacy among the urban and rural household women of Begusarai district of Bihar. Also study the perception of women about financial literacy and identify the factors that influence their financial behaviour. Efforts are being made to improve financial literacy among women in Bihar. The Bihar government, along with various non-profit organizations and financial institutions, are conducting financial literacy programs and workshops to educate women about basic financial concepts such as budgeting, saving, and investing. These programs aim to empower women with the knowledge and skills they need to take control of their financial.

- **Four Pillars of Financial Literacy**

Financial literacy is having a basic grasp of money matters and it's understanding how to build wealth throughout one's life by leveraging the power of these pillars. Its four fundamental pillars:

- Debt
- Budgeting
- Saving
- Investing

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➢ **Importance of financial literacy**

This is due to the following reasons: -

- It prepares them for emergencies.
- Women can help deal with rising costs of living and inflation if they are financially literate.
- Children tend to be more influenced by their mothers than their fathers. Being financially literate sets a good example for your children as well.
- In most households, women are responsible for the day-to-day expenses. Thus, it is helpful for them to know how best to use the money.
- Women tend to live longer than men, and thus they should have the knowledge to carry on their day-to-day affairs and manage finances.
- Women who are financially literate gain more confidence in their own decision-making.

2- Literature Review

Financial literacy among women has increased attention in recent years due to its significance in promoting economic empowerment and financial inclusion. This literature review aims to provide insights into the current state of knowledge regarding financial literacy among women, highlighting key findings, gaps, and implications for policy and practice.

Major existing research works reviewed:

International Level:

Globally, financial literacy is alarmingly low, with only 33% of adults understanding basic financial concepts. This means that approximately 3.5 billion people lack essential financial knowledge, mainly in developing economies. Analysis from the S&P Global FinLit Survey reveals a widespread issue of financial illiteracy, especially among women. Shockingly, the gender gap persists regardless of a country's financial development, income level, or cultural background. This underscores the urgent need for targeted efforts to improve financial education and bridge the gender disparity in financial literacy worldwide.

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Huston (2010) conceptualizes financial literacy as comprising two main dimensions: understanding personal finance knowledge and effectively using it. This understanding is crucial for individuals to make informed financial decisions.

Choe & Cho (2011) and Kim et al. (2012) emphasize the growing importance of financial literacy globally, including in both developed and emerging economies. In India, initiatives like the establishment of Financial Literacy and Counselling Centres by the Reserve Bank of India in 2007 aim to promote financial education and counseling across urban and rural populations.

Anthes & Most (2000) highlight the significance of assessing financial literacy levels among different demographics, including college students, adults, and retired individuals. Research suggests that women often face greater challenges in financial decision-making due to factors like lack of education and confidence in managing finances.

Lusardi & Mitchell (2008, 2014) highlight the gender gap in financial literacy, with women generally exhibiting lower levels of financial knowledge and confidence compared to men. Empowering women with financial education are seen as essential for achieving gender equality in financial matters.

Hung et al. (2012) further support the notion of gender differences in financial literacy, with women typically displaying lower levels of financial knowledge and confidence. Efforts to promote financial literacy, especially among women, are crucial for bridging this gap.

National Level:

Despite India's rise as the third-largest economy globally, there remains a significant gap in financial literacy, especially among women. According to the Humanity Welfare Council, 80% of Indian women struggle with financial literacy, and approximately 62% do not have bank accounts or access to banking services. The National Family Health Survey-5 reveals that although over half of Indian women own mobile phones, only a fraction, around 22.5%, use them for financial transactions. These statistics paint a stark picture of the inadequate levels of financial awareness and access among women in India.

Financial literacy among women in Bihar remains a pressing issue, with only 38.2% considered financially literate compared to 55% of men, as per NSSO data. This gap in financial knowledge poses significant challenges for women's economic empowerment and well-being.

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Without adequate financial literacy, women may face difficulties accessing credit, saving for the future, and seizing opportunities for economic advancement. Addressing this disparity is crucial for enhancing women's economic prospects and overall empowerment in Bihar.

Agarwala et al. (2012) discusses various determinants of financial literacy, including socio-demographic factors like education, income level, marital status, and exposure to financial instruments. These factors influence how individuals manage financial matters in their daily lives.

Lusardi & Mitchell (2008) conducted a study on financial literacy among women in India, revealing low levels of financial knowledge and confidence. They emphasized the importance of targeted financial education programs to address the gender gap in financial literacy.

Singh & Jha (2018) focused on the Darbhanga district of Bihar, where financial literacy initiatives contributed to enhanced financial resources among poor households. They emphasized the importance of financial literacy in improving livelihoods and employment opportunities for women in rural Bihar.

Santhya & Jejeebhoy (2017) highlighted the role of self-help groups (SHGs) in promoting financial literacy among women in rural areas of Bihar. SHGs not only provided economic support but also empowered women, leading to improved socio-economic status and reduced vulnerability to financial crises.

Dutta & Mehta (2021) examined the impact of government initiatives like the Pradhan Mantri Jan Dhan Yojna (PMJDY) on financial literacy among poor households in Bihar. They found that PMJDY increased the tendency of opening bank accounts, saving, and borrowing among women, highlighting the role of financial schemes in enhancing financial literacy.

Kristóf & Virág (2022) conclude that financial literacy is crucial for enhancing employment and empowerment, particularly in economically disadvantaged regions like rural Bihar. Government schemes and financial education programs are essential for addressing socio-economic disparities and promoting financial empowerment among vulnerable populations.

3- Research gap

Despite the growing recognition of the importance of financial literacy, particularly among women, there exists a significant research gap in understanding the specific context of financial

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literacy in Begusarai district of Bihar. There are following research questions emerged in the context of the research gap in the review of literature:

i. What is the mechanism for management of the challenges of financial literacy in Bihar?

ii. What is the role of financial literacy on the grass-root level in the Begusarai district of Bihar?

iii. What is the role of women in the management of financial literacy in the Begusarai district of Bihar?

The above three research questions give a platform to develop a broader way regarding the development of objectives for the study of socio-economic inclusion and financial literacy in Bihar.

4- Objectives

The primary objective of this study is to investigate the level of financial literacy among women in Begusarai district of Bihar, with a focus on understanding their knowledge, attitudes, and practices related to financial management. Specifically, the research aims to achieve the following objectives:

I- To examine the level of financial knowledge among women in the study area

II- To examine the financial behaviours and practices of women in the study area

III- To identify the socio-economic, cultural, and psychological factors that influence women's financial attitude in the study area

IV- To evaluate the effectiveness of existing financial literacy initiatives and programs targeted at women in the study area,

5- Hypothesis

I- (H0): There is no association between women's financial knowledge and their willingness to engage in financial investments in the study area.

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II- (H0): There is no relationship between women's level of financial literacy and their savings behavior in the study area.

III - (H0): Cultural norms and traditional gender roles do not hinder women's financial literacy in the study area.

IV - (H0): Participation in financial literacy programs has no significant impact on women's financial knowledge and behaviour in the study area.

6- Data sources:

Both primary and secondary data will be used. For primary data structured interview schedule and focus group discussion will be administered to collect data on participants' demographic characteristics, educational background, income level, access to financial education, financial knowledge, attitudes, and practices related to financial management. For secondary data sources reports and publications from government agencies such as the Reserve Bank of India (RBI), National Bank for Agriculture and Rural Development (NABARD), (NSSO) Ministry of Finance and census of India will be used.

7- Research Methodology

This study will employ a mixed-methods research design to comprehensively understand financial literacy among women in Begusarai district. A multistage random sampling technique will be used to select participants from different geographical areas within Begusarai district. The first stage will involve selecting villages or wards, followed by the random selection of households. Within each household, eligible women will be identified as participants. The sample size will be determined using appropriate statistical formulas, considering factors such as population size, confidence level, and margin of error. A sufficient sample size will be ensured to achieve statistical significance and representativeness of the findings. Descriptive statistics such as frequencies, percentages, means, and standard deviations will be calculated to analyse quantitative survey data. Correlation analysis and regression modelling, will be used to examine relationships between variables and test hypotheses.

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8- Study Area

For the purpose of the study of financial literacy among women in begusarai district of Bihar. Groups of Women will be randomly selected from the major urban and rural area of begusarai. Like IOCL Township, Singhoul, Barauni, Bagha, Sahebpur Kamal, Bachhwara, Birpur, Bhagwanpur, Matihani, Balia, Cheria Bariarpur, Garhpura, Nawkothi these are the main areas of Begusarai District.

9- Significance of the study

In today's scenario, emerging as well as developed economies has started giving very much focus on the level of financial literacy of their people. The financial system plays a very significant role in the development of any nation. From understanding financial products, market information, and sources of financial knowledge to having the confidence to discuss financial issues, financial literacy is crucial to everyday life, enabling individuals to make sound financial decisions that lead to their financial well-being. More importantly, individual financial literacy has a cascading effect on the macroeconomic growth and development of a nation because they are highly influenced by the financial decisions taken by individuals.

10- Proposed Research Chapters

The present research work on "A Study of Financial Literacy Among Women In Begusarai District of Bihar" has been planned to completed under eight relevant chapters as below: -

Chapter I - Introduction

Chapter II - Review of Literature

Chapter III - Methodology and data sources

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Chapter IV - Financial knowledge among women in Bihar

Chapter V Financial behaviours and practices of Women

Chapter VI Socio-economic, cultural, and psychological factors and its impact on women's financial attitude

Chapter VII - Effectiveness of existing financial literacy initiatives and programs

Chapter VIII - Research Summary, Recommendation, Conclusion

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